



Public Service Commission

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DATE: AUGUST 29, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF SAFETY & ELECTRIC RELIABILITY (BOHRMANN, McNULTY) *WBM*
DIVISION OF ECONOMIC REGULATION (E. DRAPER) *EJD*
DIVISION OF LEGAL SERVICES (C. KEATING) *WCK RVE*

RE: DOCKET NO. 010001-EI - FUEL AND PURCHASED POWER COST RECOVERY CLAUSE AND GENERATING PERFORMANCE INCENTIVE FACTOR.

AGENDA: 09/04/01 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\SER\WP\010001.RCM

CASE BACKGROUND

By Order No. PSC-00-2385-FOF-EI (Order No. 00-2385), in Docket No. 000001-EI, issued December 12, 2000, the Commission approved FPL's request to set its levelized fuel cost recovery factor (factor) at 2.925 cents per kilowatt-hour (kwh) for 2001. The Commission set this factor to recover FPL's then-projected 2001 fuel, purchased power, and fuel-related costs (fuel costs) and 50 percent of FPL's known under-recovery of \$518 million for 2000 fuel costs. The Commission approved FPL's request to defer collection of the remaining 50 percent (\$259 million) of this 2000 under-recovery until 2002. The Commission also approved FPL's request to classify the 2000 under-recovery as a regulatory asset, wherein ratepayers would not pay interest on the 2000 under-recovery.

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FPSC-COMMISSION CLERK

By Order No. 00-2385, the Commission set Florida Power Corporation's (FPC) factor at 2.520 cents per kwh to recover FPC's then-projected 2001 fuel costs and 50 percent of FPC's known under-recovery of \$55.2 million for 2000 fuel costs. The Commission allowed FPC to defer the remainder of FPC's known under-recovery until 2002.

By Order No. 00-2385, the Commission set Tampa Electric Company's (TECO) factor at 2.500 cents per kwh to recover TECO's then-projected 2001 fuel costs and TECO's known under-recovery of \$42.7 million for 2000 fuel costs.

April 2001, Mid-Course Corrections

On February 2, 2001, FPL filed a petition with the Commission for the authority to increase its factor to 3.660 cents per kwh to collect an additional \$76.8 million under-recovery from 2000 and an estimated \$431.5 million under-recovery from 2001. FPL attributed these under-recovery amounts to an unexpected increase in fuel prices. The Commission granted FPL's petition by Order No. PSC-01-0963-PCO-EI (Order No. 01-0963), issued April 18, 2001.

On February 9, 2001, TECO filed a petition with the Commission for the authority to increase its factor to 2.820 cents per kwh to collect 50 percent of an estimated \$63.2 million under-recovery from 2001. TECO attributed this under-recovery amount to an unexpected increase in fuel and wholesale energy prices. The Commission granted TECO's petition by Order No. PSC-01-0709-PCO-EI (Order No. 01-0709), issued March 21, 2001.

On February 12, 2001, FPC filed an amended petition with the Commission for the authority to increase its factor to 2.880 cents per kwh to collect an additional \$29.4 million under-recovery from 2000 and an estimated \$73.0 million under-recovery from 2001. FPC attributed these under-recovery amounts to an unexpected increase in fuel prices. The Commission granted FPC's petition by Order No. PSC-01-0710-PCO-EI (Order No. 01-0710), issued March 21, 2001.

On August 13, 2001, TECO filed a notice with the Commission that TECO projected a greater than 10 percent under-recovery for its 2001 fuel costs. TECO did not request a mid-course correction at that time. Instead, TECO would seek to collect this under-recovery in 2002.

FIPUG's Petition

On August 15, 2001, the Florida Industrial Power Users Group (FIPUG) filed a petition with the Commission for a fuel charge rate reduction. This petition requests the following:

1. That the Commission immediately address the fuel cost and purchased power factor being charged by the three largest IOU's in the state and based upon the attached affidavit, admissions of utilities on file and administrative notice of facts concerning fuel costs that are generally known take the following action:
2. At the agenda scheduled for September 4, 2001 order the utilities to reduce the fuel and purchased power charge they are currently charging to the fuel and purchased power factor that was originally requested authorized by order PSC-00-2385-FOF-EI in Docket No. 000001-EI for the year 2001.
3. Apply the revised factor to all bills rendered in October for the preceding month's consumption.
4. Order each utility to report not later than September 20th on fuel costs through August 2001, if that report shows fuel and purchased power cost over collections for the period through August, direct the utilities to refund the excess collections during the last three months of the year to avoid the interest cost and to provide consumer rate relief. and,
5. Grant such further relief as the Commission deems appropriate.

FPL's Petition

On August 23, 2001, FPL filed a petition with the Commission to refund \$138.1 million of an anticipated 2001 over-recovery during the last three months of 2001. FPL proposed to reduce its levelized fuel adjustment factor to 3.035 cents per kwh, effective September 28, 2001. FPL also expressed the desire to keep its factor stable for a 15 month period from October 2001, to December

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2002. FPL attributes this over-recovery amount to a reversal of the earlier increase in fuel prices and the expectation that fuel prices will continue to trend downward in 2002. FPL did not file a response to FIPUG's petition.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Florida Power & Light's (FPL) petition to reduce its fuel factors beginning with bills issued September 28, 2001?

PRIMARY RECOMMENDATION: Yes. The Commission should authorize FPL to reduce its levelized fuel cost recovery factor to 3.035 cents per kwh, effective from September 28, 2001, to December 31, 2001. The Commission should issue address FPL's petition as a procedural matter rather than as proposed agency action. (BOHRMANN, E. DRAPER)

ALTERNATIVE RECOMMENDATION: No. The Commission should not grant FPL's petition to reduce its fuel factors beginning with bills issued September 28, 2001 because the utility's proposal to reduce rates 1) fails to match the timing of the incurrance of costs with cost recovery, 2) subjects FPL ratepayers to a significant level of unexamined cost exposure, 3) lacks a compelling case for rate impact mitigation, 4) does not adequately address the prospects for future fuel price volatility, and 5) is based on a projected over-recovery which is significantly smaller than the reporting threshold. The Commission should maintain the current FPL fuel rates throughout the remainder of 2001 and apply any overrecovery which may occur towards the balance of the 2000 fuel cost underrecovery. (McNULTY)

PRIMARY STAFF ANALYSIS: By Order No. 13694, issued September 20, 1984, in Docket No. 840001-EI, the Commission requires each investor-owned electric utility (utility) to notify this Commission when its projected fuel revenues result in an over-recovery or under-recovery in excess of ten percent of its projected fuel costs for the given recovery period. Depending on the magnitude of the over-recovery or under-recovery and the length of time remaining in the recovery period, a party may request, or the Commission may order on its own motion, a mid-course correction to the utility's authorized factor.

In its petition, FPL states that its estimated over-recovery amount has not reached the threshold for notifying the Commission when a utility's over- or under-recovery is 10 percent or greater. In fact, FPL witness Korel M. Dubin's direct testimony in this docket, prefiled August 20, 2001, indicates that FPL is currently experiencing an under-recovery of its fuel costs of \$133.5 million based on actual results through July 2001. Ms. Dubin's testimony

indicates that FPL does not anticipate an over-recovery of its fuel costs until October 2001. Finally, Ms. Dubin's testimony indicates that FPL is projecting a \$151.9 million over-recovery by year-end 2001. However, this \$151.9 million over-recovery amount does not include the \$259 million under-recovery of FPL's 2000 fuel costs that the Commission authorized FPL to defer collecting from FPL's ratepayers until 2002. The table below shows the fuel true-ups and collection/refunds that would result under present and FPL-proposed rates.

Summary of True-ups and Collections/Refunds at Present and FPL Proposed Rates			
	Fuel Overrecoveries (+) and Underrecoveries (-) (in millions)	Fuel Collections (+) or Refunds/Rate Reductions (-) (in millions)	
		CY 2001	CY 2002
2000 Underrecovery Deferral set on 11/00 (no change considered)	-\$518	+\$259	+\$259
2000 Underrecovery set on 3/01 (no change considered)	-\$76	+\$76	0
2001 Overrecovery Based on FPL Proposed Oct.- Dec. 2001 Rates (Petition)	+\$13	-\$138	-\$13
2001 Overrecovery Based on Present Oct.-Dec. 2001 Rates	+\$152	0	-\$152 (netting this amount with the 2000 collection for 2000 deferral shown above means the underrecovery for CY2002 at present rates is \$107 million)

If the Commission approves FPL's petition, FPL will refund \$138.1 million to its ratepayers during the last three months of 2001. FPL is proposing this mid-course correction to reduce the impact of its currently authorized factors on its ratepayers, instead of refunding its over-recovery balance during 2002. FPL's proposal will reduce the monthly bill of a residential ratepayer who uses 1,000 kwh per month by \$6.32, to \$81.66 (refer to Attachment, page 1 of 2). The proposed factors by FPL rate schedule are shown on Attachment, page 2 of 2. FPL also proposes to keep its monthly bill for a residential ratepayer who uses 1,000 kwh/month stable for 15 months through December 2002.

Primary staff supports FPL's proposal to refund part of its over-recovery balance to its ratepayers sooner rather than later. However, primary staff has not yet analyzed the prudence of FPL's actual or projected 2001 fuel costs. The parties and staff are expected to address the prudence of FPL's 2001 fuel costs at the evidentiary hearing scheduled in this docket, commencing November 20, 2001.

FPL's petition is unclear as to whether FPL is seeking approval of its new factors for three months or fifteen months. Primary staff believes these new factors, if approved, would only be effective through FPL's last billing cycle of December 2001. The procedures established by order in this docket provide for annual hearings to set calendar year factors with the opportunity to request mid-course corrections, as FPL has done in its petition. Based on the evidence presented at the next annual hearing scheduled in this docket for November 2001, the Commission will set FPL's factors for 2002.

In its petition, FPL requests that its proposal be considered as a proposed agency action (PAA) item. Recognizing that a prudence review and true-up will take place at the November 2001 hearing in this docket, staff recommends that the Commission consider the proposal as a procedural matter rather than a PAA item. This treatment would be consistent with the Commission's treatment of mid-course correction petitions in this docket.

In summary, primary staff supports FPL's request for new factors which would allow FPL to refund \$138.1 million to its ratepayers during the last three months of 2001. The parties and staff are expected to address the prudence of FPL's 2001 fuel costs at the evidentiary hearing scheduled in this docket, commencing

November 20, 2001. The Commission will set FPL's 2002 factors based on the evidence presented at that same hearing.

ALTERNATIVE STAFF ANALYSIS: In Alternative Staff's view, FPL's petition to reduce its fuel rates for October through December 2001 should be denied for the following five reasons:

1. FPL's Petition Fails to Match the Timing of Costs and Cost Recovery

The proposed rate reduction is premised upon a continued deferral of \$107.1 million in unrecovered Calendar Year 2000 fuel costs to 2002. A basic principle of ratemaking recognized by this Commission has been to match, to the extent possible, the time in which the cost are incurred with the time in which those same costs are recovered. The petition fails to match the timing of the costs which have been incurred with the closest possible period in which it could be recovered without significant rate impact, which is the current period.

2. FPL's Petition Would Subject FPL Ratepayers to a Significant Level of Unexamined Cost Exposure

FPL's unrecovered fuel costs through July 2001 for 2001 and all prior periods is approximately \$549.1 million. This amount includes the uncollected portion of the \$594.8 million¹ fuel cost underrecovery for 2000 (\$409.6 million)² plus the 2001

¹The total 2000 underrecovery (\$594.8 million) includes two separately approved components. In November 2000, the Commission approved an alternative regulatory treatment of FPL's \$518 million underrecovery of 2000. The balance of the underrecovery is maintained as a base rate regulatory asset for which FPL is forgoing interest charges. The recovery of the balance is, however, administered through the fuel factor, amortized over 2001 and 2002 in 24 equal monthly recovery amounts. In March 2001, the Commission approved FPL's request to recover an additional \$76.8 million in 2000 fuel cost underrecoveries. That amount was amortized over the nine remaining months of 2001.

²The \$409.6 million includes the monthly amortized recovery amounts for the last five months of 2001 of the two separately approved 2000 underrecovery amounts plus the deferred 2000 underrecovery of \$259 million to be collected in 2002.

underrecovery balance through July 2001 (\$133.5 million). While FPL's current fuel factors are expected to reduce this current underrecovery amount of \$543.1 million to \$107.1 million by the end of 2001 given FPL's most recent fuel price and load forecasts through 2002, the forecasts have not been analyzed by Commission Staff and are the subject of the November 2001 fuel hearing. Alternative Staff believes any rate reduction while the utility has this level of unexamined cost exposure is not justified.

3. FPL's Petition Lacks A Compelling Case for Rate Impact Mitigation

While the deferral of the 2000 underrecovery by the Commission during the November 2000 fuel hearing was based upon mitigating the rate impact to customers, there should be little, if any, rate impact mitigation concern at this time regarding FPL's projected over-recovery. FPL states on Page 2 of its petition that the utility "proposes an early implementation to lower its fuel adjustment charges beginning in October 2001 to lessen the impact on customers rather than waiting until January 2002." Alternative Staff believes that FPL customers have, to a large extent, adjusted to the rate impact because the current rates have been in effect for 5 months. Furthermore, Alternative Staff believes that concern over unrecovered past costs should take precedence over concerns of rate impacts in this case because rates would simply remain at their current level for 3 additional months compared to FPL's proposal.

FPL estimates that its rates would decrease in October 2001 on a total bill basis by 7.2% (Residential bill at 1,000 kwh). The rates would decrease from \$87.98 to \$81.66 (a decrease amount of \$6.32). Staff calculated that a Commission decision to leave FPL fuel rates at their current levels for 2001, thus collecting an additional \$138.0 million in 2001 compared to FPL's proposal, would result in a 2002 residential bill impact equal to a 10.6 percent decrease. The typical residential bill would decrease from \$87.98 to \$78.69 (a decrease of \$9.29). This analysis was based on FPL's fuel price and load forecasts for 2001 and 2002 provided in its petition.

4. FPL's Petition Does Not Adequately Address the Prospects for Future Fuel Price Volatility

FPL has experienced considerable fuel price volatility since 1998, and future volatility in fuel prices may be either more or

less pronounced during the period FPL proposes for its adjusted fuel rates. FPL has had a mid-course correction implemented during two of the last three years (2000 and 2001). Nothing in FPL's petition provides any assurance that fuel price volatility will be less during the October 2001 through December 2002 time period than it has been during the past three years.

5. FPL's Projected Level of Over-Recovery is Significantly Less than the Reporting Threshold and the Most of the Projected Rate Reduction is Compressed in a Three-Month Period

As noted by Primary Staff, the Commission requires each investor-owned electric utility to notify this Commission when its projected fuel revenues result in an over-recovery or under-recovery in excess of ten percent of its projected fuel costs for the given recovery period. Depending upon the magnitude of the over-recovery or under-recovery and the length of time remaining in the recovery period, a party may request, or the Commission may order on its own motion, a mid-course correction to the utility's authorized factor. However, the level of projected over-recovery in this case is 5.8 percent,³ significantly lower than the 10 percent reporting threshold.

Also, with only three months remaining in the recovery period, FPL's proposal to reduce rates during the final quarter of 2001 compresses the rate impact into a short period. While FPL has included in its petition a proposed reduction in rates of \$138.1 million during 2001 rather than the anticipated over-recovery of \$151.9 million, the effect of the proposed rate change is to compress the majority of rate impact associated with the projected over-recovery into the remainder of 2001. Thus, allowing a rate change this late in the calendar year has the effect of making the percentage impact on rates larger than if the rate change were either sought earlier in the year, or simply delayed until the following recovery period.

For the reasons stated above, Alternative Staff recommends that the Commission deny FPL's petition and allow any overrecovery of

³From Page 4 of Schedule E-1A attached to FPL's Petition:
End of Period Net-True-up Amount divided by Jurisdiction Total
Fuel Cost & Net Power Transactions, or \$151,894,017 ÷
2,622,150,199 = 5.8 percent.

fuel costs which may occur during 2001 to apply towards the balance of the 2000 fuel cost underrecovery.

In the event that the Commission approves Primary Staff's position on this issue, Alternative Staff agrees with Primary Staff on the question of the effective period of the new factors. Any new factors which may be approved are not effective after FPL's last billing cycle in December 2001.

ISSUE 2: Should the Commission grant Florida Industrial Power Users Group's petition to reduce Florida Power & Light's fuel factors, including adjustments to refund any over-recovery balance through August 2001, beginning with bills issued October 1, 2001?

RECOMMENDATION: No. (BOHRMANN)

STAFF ANALYSIS: In paragraphs 8 and 9 of its petition, FIPUG states that FPL's 2001 fuel revenue will be at least \$600 million greater than its 2001 fuel costs. However, Ms. Dubin's direct testimony in this docket, prefiled August 20, 2001, does not support this statement. Ms. Dubin's testimony indicates that FPL is currently projecting a \$151.9 million over-recovery of its 2001 fuel costs based on actual results through July 2001 and re-projected forecasts for the remainder of 2001. This \$151.9 million over-recovery balance does not include the \$259 million under-recovery that the Commission allowed FPL to defer collecting from its ratepayers until 2002.

In paragraph 9 of its petition, FIPUG implies that FPL's fuel costs should be less than its original projections because fuel prices are currently at or below the prices that FPL had forecasted in testimony filed in Docket No. 000001-EI. This implication is premised on a false assumption. Fuel prices may currently be at or below what FPL had forecasted a year earlier. However, FIPUG does not consider that FPL incurred higher fuel costs in the first six months of 2001, because fuel prices during that period were higher than current levels.

For reasons primary staff expressed in Issue 1, staff believes that FPL's petition to reduce its factor is a better alternative for

FPL's ratepayers than FIPUG's petition. FPL's petition has two objectives. First, FPL would refund \$138.1 million of its projected over-recovery to its ratepayers during the last three months of 2001, instead of the 12 months of 2002. Second, FPL proposes to keep its monthly bill for a residential ratepayer who uses 1,000 kwh stable over the next 15 months. Notwithstanding the concerns that both primary and alternative staffs expressed in Issue 1 about the Commission approving FPL's proposed factor for 15 months, staff believes FPL provided sufficient information about the remainder of 2001 and 2002 to support these two objectives.

ISSUE 3: Should the Commission grant Florida Industrial Power Users Group's petition to reduce Florida Power Corporation's (FPC) fuel factors, including adjustments to refund any over-recovery balance through August 2001, beginning with bills issued October 1, 2001?

RECOMMENDATION: No. (BOHRMANN)

STAFF ANALYSIS: In paragraphs 12 and 13 of its petition, FIPUG states that FPC's 2001 fuel revenues will be at least \$113.2 million greater than its 2001 fuel costs. However, FPC witness Javier Portuondo's direct testimony in this docket, prefiled August 20, 2001, does not support this statement. Mr. Portuondo's testimony indicates that FPC is currently projecting a \$33.3 million over-recovery of 2001 fuel costs based on actual results through July 2001 and re-projected forecasts for the remainder of 2001. However, when FPC considers its historical under-recovery amount, FPC projects a \$23.6 million under-recovery at year-end 2001.

On August 27, 2001, FPC filed its response in opposition to FIPUG's petition for fuel charge rate reduction. In paragraph 4 of FPC's response in opposition to FIPUG's petition, FPC states:

The fatal defect in FIPUG's requested relief is that it is premised on nothing more than this bare allegation [that FPC would have at least an over-recovery of \$113.2 million]. The over-recovery alleged by FIPUG is not only conclusory and unsupported in and of itself, but also ignores the well supported, documented information filed

with the Commission and reviewed by its staff that contradicts the existence of an over-recovery, much less the substantial over-recovery asserted by FIPUG. A fuel charge reduction in the face of this contrary information, particularly a reduction of the magnitude proposed by FIPUG, would serve no purpose other than to seriously exacerbate the current under-recovery.

Staff agrees. In addition, in paragraph 12 of its petition, FIPUG implies that FPC's fuel costs should be less than its original projections because fuel prices are currently at or below the prices that FPC had forecasted in testimony filed in Docket No. 000001-EI. This implication is premised on a false assumption. Fuel prices may currently be at or below what FPC had forecasted a year earlier. However, FIPUG does not consider that FPC incurred higher fuel costs in the first six months of 2001, because fuel prices during that period were higher than current levels.

Staff recommends that the Commission deny FIPUG's petition to reduce FPC's factors, because FPC is projecting a year-end under-recovery. If the Commission did grant FIPUG's petition, staff calculated that FPC's fuel revenues would fall by \$31.3 million (\$3.61 per megawatt-hour x 8,670,698 megawatt-hours). To the extent that FPC experiences an under-recovery for 2002, FPC would file a petition with the Commission to collect this \$31.3 million, plus interest, from its ratepayers no later than 2003.

ISSUE 4: Should the Commission grant Florida Industrial Power Users Group's petition, to reduce TECO Company's fuel factors, including adjustments to refund any over-recovery balance through August 2001, beginning with bills issued October 1, 2001?

RECOMMENDATION: No. (BOHRMANN)

STAFF ANALYSIS: In paragraphs 15 and 16 of its petition, FIPUG states that TECO's 2001 fuel revenues will be at least \$50.2 million greater than its 2001 fuel costs. However, TECO witness J. Denise Jordan's direct testimony in this docket, prefiled August 20, 2001, does not support FIPUG's statement. In fact, Ms. Jordan's testimony indicates that TECO projects a \$65.5 million

under-recovery of 2001 fuel costs based on actual results through June 2001 and re-projected forecasts through the remainder of 2001. When TECO considers historical under-recovery amounts, TECO projects an \$131.4 million under-recovery balance at year-end 2001.

In paragraph 14 of its petition, FIPUG has reiterated its assertion that the price at which TECO purchases wholesale energy is higher than the price at which TECO sells wholesale energy. Staff has raised this issue for the hearing scheduled in this docket, commencing November 20, 2001. Staff has performed discovery on this issue, but has reached no position for this issue at this time.

On August 24, 2001, TECO filed its answer to FIPUG's petition for fuel charge rate reduction. In TECO's answer to FIPUG's petition, TECO states:

A number of the conclusions stated in FIPUG's Petition appear to have been derived through a flawed blending of non-comparable concepts and/or data or through misinterpretation of information the utilities routinely file with the Commission...Neither FIPUG's Petition nor the Affidavit attached to it even addresses or takes into account whether the individual utilities are presently in an underrecovered or overrecovered position with respect to their fuel and purchased power costs...The relief demanded in FIPUG's Petition, an arbitrary reversion to the fuel factors in place prior to the mid-course correction, would significantly aggravate TECO's underrecovered position and greatly impact customers when new fuel and purchased power cost recovery factors become effected in January of 2002.

Staff agrees. In addition, in paragraph 15 of its petition, FIPUG implies that TECO's fuel costs should be less than its original projections because fuel prices are currently at or below the prices that TECO had forecasted in testimony filed in Docket No. 000001-EI. This implication is premised on a false assumption. Fuel prices may currently be at or below what TECO had forecasted a year earlier. However, FIPUG does not consider that TECO incurred higher fuel costs in the first six months of 2001, because fuel prices during that period were higher than current levels.

Staff recommends that the Commission deny FIPUG's petition to reduce TECO's factors, because TECO is projecting a year-end under-

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recovery. TECO is currently projecting a \$131.4 million under-recovery for year-end 2001. If the Commission did grant FIPUG's petition, staff calculates that TECO's fuel revenues would decrease \$13.1 million (\$3.21 per megawatt-hour x 4,079,491 megawatt-hours). To the extent that TECO experiences an under-recovery for 2002, TECO would file a petition with the Commission to collect this \$13.1 million, plus interest, from its ratepayers no later than 2003.

ISSUE 5: Should this docket be closed?

RECOMMENDATION: No (C. KEATING).

STAFF ANALYSIS: This docket is an on-going docket, and should remain open.

RESIDENTIAL FUEL FACTORS FOR THE PERIOD:

October 2001 - December 2001

NOTE: This schedule reflects a midcourse correction in the fuel factors for Florida Power & Light effective October 2001.

08/29/01

		Florida Power & Light	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
cents per kwh):	April 2001 - September 2001	3.667	2.885	2.830	1.842	3.859	3.464
cents per kwh):	October 2001 - December 2001	3.041	2.885	2.830	1.842	3.859	3.464
	Increase/Decrease:	-0.626	0.000	0.000	0.000	0.000	0.000

TOTAL COST FOR 1,000 KILOWATT HOURS - RESIDENTIAL SERVICE

PRESENT:	April 2001 - September 2001	Florida Power & Light	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
Base Rate		43.26	49.05	51.92	42.20	20.43	19.20
Fuel		36.67	28.85	28.30	18.42	38.59	34.64
Energy Conservation		1.81	2.09	1.14	0.53	0.56	0.38
Environmental Cost Recovery		0.08	N/A	1.65	0.96	N/A	N/A
Capacity Recovery		5.27	11.08	2.56	2.08	N/A	N/A
Gross Receipts Tax (1)		0.89	2.34	2.19	0.66	1.53	0.56
Total		\$87.98	\$93.41	\$87.76	\$64.85	\$61.11	\$54.78

PROPOSED:	October 2001 - December 2001	Florida Power & Light	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
Base Rate		43.26	49.05	51.92	42.20	20.43	19.20
Fuel		30.41	28.85	28.30	18.42	38.59	34.64
Energy Conservation		1.81	2.09	1.14	0.53	0.56	0.38
Environmental Cost Recovery		0.08	N/A	1.65	0.96	N/A	N/A
Capacity Recovery		5.27	11.08	2.56	2.08	N/A	N/A
Gross Receipts Tax (1)		0.83	2.34	2.19	0.66	1.53	0.56
Total		\$81.66	\$93.41	\$87.76	\$64.85	\$61.11	\$54.78

PROPOSED INCREASE / (DECREASE)		Florida Power & Light	Florida Power Corporation	Tampa Electric Company	Gulf Power Company	Florida Public Utilities Co. (2)	
						Marianna	Fernandina Beach
Base Rate		0.00	0.00	0.00	0.00	0.00	0.00
Fuel		-6.26	0.00	0.00	0.00	0.00	0.00
Energy Conservation		0.00	0.00	0.00	0.00	0.00	0.00
Environmental Cost Recovery		0.00	0.00	0.00	0.00	0.00	0.00
Capacity Recovery		0.00	0.00	0.00	0.00	0.00	0.00
Gross Receipts Tax (1)		-0.06	0.00	0.00	0.00	0.00	0.00
Total		(\$6.32)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

(1) Additional gross receipts tax is 1% for Gulf, FPL and FPUC-Fernandina Beach. FPC, TECO and FPUC-Marianna have removed all GRT from their rates, and thus entire 2.5% is shown separately. (2) Fuel costs include purchased power demand costs of 1.655 for Marianna and 1.589 cents/KWH for Fernandina allocated to the residential class.

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FPL - FUEL ADJUSTMENT FACTORS BY RATE CLASS
OCTOBER 2001-DECEMBER 2001

<u>GROUP</u>	<u>RATE SCHEDULE</u>	<u>AVERAGE FACTOR</u>	<u>FUEL RECOVERY LOSS MULTIPLIER</u>	<u>FUEL RECOVERY FACTOR</u>
A	RS-1,GS-1, SL-2	3.035	1.00198	3.041
A-1	SL-1,OL-1, PL-1	2.974	1.00198	2.980
B	GSD-1	3.035	1.00191	3.041
C	GSLD-1 & CS-1	3.035	1.00077	3.037
D	GSLD-2,CS-2, OS-2 & MET	3.035	0.99503	3.020
E	GSLD-3 & CS-3	3.035	0.95800	2.908
A	RST-1,GST-1 ON-PEAK OFF-PEAK	3.323 2.908	1.00198 1.00198	3.330 2.914
B	GSDT-1 CILC-1 (G) ON-PEAK OFF-PEAK	3.323 2.908	1.00191 1.00191	3.329 2.914
C	GSLDT-1 & CST-1 ON-PEAK OFF-PEAK	3.323 3.908	1.00077 1.00077	3.326 2.910
D	GSLDT-2 & CST-2 ON-PEAK OFF-PEAK	3.323 3.908	0.99503 0.99503	3.306 2.894
E	GSLDT-3,CST-3 CILC-1 (T) & ISST-1 (T) ON-PEAK OFF-PEAK	3.323 3.908	0.95800 0.95800	3.183 2.786
F	CILC-1 (D) & ISST-1 (D) ON-PEAK OFF-PEAK	3.323 3.908	0.99431 0.99431	3.304 2.891